

AMENDED IN ASSEMBLY APRIL 30, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

## ASSEMBLY BILL

**No. 693**

---

**Introduced by Assembly Member Eggman**

February 25, 2015

---

An act to amend Sections 1812.84 and 1812.85 of the Civil Code, relating to health studio services.

### LEGISLATIVE COUNSEL'S DIGEST

AB 693, as amended, Eggman. Health studio services: cancellation.

Existing law authorizes a consumer to cancel a contract for health studio services within specified timeframes after the contract is executed, if the health studio fails to provide the specific facilities advertised or offered, or if the health studio eliminates or reduces the scope of the facilities, as specified.

The bill would specify that a contract for health studio services may be canceled by the buyer in ~~person or person~~, via first-class ~~mail~~. *mail or from an email address*. The bill would make other conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 1812.84 of the Civil Code is amended  
2     to read:

1 1812.84. (a) A contract for health studio services may not  
2 require payments or financing by the buyer to exceed the term of  
3 the contract, nor may the term of the contract exceed three years.  
4 This subdivision does not apply to a member's obligation to pay  
5 valid, outstanding moneys due under the contract, including  
6 moneys to be paid pursuant to a termination notice period in the  
7 contract in which the termination notice period does not exceed  
8 30 days.

9 (b) A contract for health studio services shall include a statement  
10 printed in a size at least 14-point type that discloses the length of  
11 the term of the contract. This statement shall be placed above the  
12 space reserved for the signature of the buyer.

13 (c) At any time a cancellation is authorized by this title, a  
14 contract for health studio services may be canceled by the buyer  
15 ~~in-person or person~~, via first-class ~~mail~~. *mail or from an email*  
16 *address on file with the health studio.*

17 SEC. 2. Section 1812.85 of the Civil Code is amended to read:

18 1812.85. (a) Every contract for health studio services shall  
19 provide that performance of the agreed-upon services will begin  
20 within six months after the date the contract is entered into. The  
21 consumer may cancel the contract and receive a pro rata refund if  
22 the health studio fails to provide the specific facilities advertised  
23 or offered in writing by the time indicated. If no time is indicated  
24 in the contract, the consumer may cancel the contract within six  
25 months after the execution of the contract and shall receive a pro  
26 rata refund. If a health studio fails to meet a timeline set forth in  
27 this section, the consumer may cancel the contract at any time after  
28 the expiration of the timeline. However, if following the expiration  
29 of the timeline, the health studio provides the advertised or  
30 agreed-upon services, the consumer may cancel the contract up to  
31 10 days after those services are provided.

32 (b) (1) Every contract for health studio services shall, in  
33 addition, contain on its face, and in close proximity to the space  
34 reserved for the signature of the buyer, a conspicuous statement  
35 in a size equal to at least 10-point boldface type, as follows:

36 "You, the buyer, may choose to cancel this agreement at any  
37 time prior to midnight of the fifth business day of the health studio  
38 after the date of this agreement, excluding Sundays and holidays.  
39 To cancel this agreement, ~~mail~~ *mail, email*, or deliver a signed and  
40 dated notice that states that you, the buyer, are canceling this

1 agreement, or words of similar effect. The notice shall be sent via  
2 first-class ~~mail~~ *mail, from an email address on file with the health*  
3 *studio*, or delivered in person to,

4  
5 \_\_\_\_\_  
6 (Name of health studio operator)  
7 at \_\_\_\_\_  
8 (Address and e-mail address of health studio operator).”  
9

10 (2) The contract for health studio services shall contain on the  
11 first page, in a type size no smaller than that generally used in the  
12 body of the document, the following: (A) the name and address  
13 of the health studio operator to which the notice of cancellation is  
14 to be mailed, and (B) the date the buyer signed the contract.

15 (3) The contract shall provide a description of the services,  
16 facilities, and hours of access to which the consumer is entitled.  
17 Any services, facilities, and hours of access that are not described  
18 in the contract shall be considered optional services, and these  
19 optional services shall be considered as separate contracts for the  
20 purposes of this title and Section 1812.83.

21 (4) Until the health studio operator has complied with this  
22 section, the buyer may cancel the contract for health studio  
23 services.

24 (5) All moneys paid pursuant to a contract for health studio  
25 services shall be refunded within 10 days after receipt of the notice  
26 of cancellation, except that payment shall be made for any health  
27 studio services received prior to cancellation.

28 (c) If at any time during the term of the contract, including a  
29 transfer of the contractual obligation, the health studio eliminates  
30 or substantially reduces the scope of the facilities, such as  
31 swimming pools or tennis courts, that were described in the  
32 contract, in an advertisement relating to the specific location, or  
33 in a written offer, and available to the consumer upon execution  
34 of the contract, the consumer may cancel the contract and receive  
35 a pro rata refund. The consumer may not cancel the contract  
36 pursuant to this subdivision if the health studio, after giving  
37 reasonable notice to its members, temporarily takes facilities out  
38 of operation for reasonable repairs, modifications, substitutions,  
39 or improvements. This subdivision shall not be interpreted to give  
40 the consumer the right to cancel a contract because of changes to

1 the type or quantity of classes or equipment offered, provided the  
2 consumer is informed in the contract that the health studio reserves  
3 the right to make changes to the type or quantity of classes or  
4 equipment offered and the changes to the type or quantity of classes  
5 or equipment offered are reasonable under the circumstances.

6 (d) (1) If a contract for health studio services requires payment  
7 of one thousand five hundred dollars (\$1,500) to two thousand  
8 dollars (\$2,000), inclusive, including initiation fees or initial  
9 membership fees, by the person receiving the services or the use  
10 of the facility, the person shall have the right to cancel the contract  
11 within 20 days after the contract is executed.

12 (2) If a contract for health studio services requires payment of  
13 two thousand one dollars (\$2,001) to two thousand five hundred  
14 dollars (\$2,500), inclusive, including initiation fees or initial  
15 membership fees, by the person receiving the services or the use  
16 of the facility, the person shall have the right to cancel the contract  
17 within 30 days after the contract is executed.

18 (3) If a contract for health studio services requires payment of  
19 two thousand five hundred one dollars (\$2,501) or more, including  
20 initiation fees or initial membership fees, by the person receiving  
21 the services or the use of the facility, the person shall have the  
22 right to cancel the contract within 45 days after the contract is  
23 executed.

24 (4) The right of cancellation provided in this subdivision shall  
25 be set out in the membership contract.

26 (5) The rights and remedies under this paragraph are cumulative  
27 to any rights and remedies under other law.

28 (6) A health studio entering into a contract for health studio  
29 services that requires a payment of less than one thousand five  
30 hundred dollars (\$1,500), including initiation or initial membership  
31 fees and exclusive of interest or finance charges, by the person  
32 receiving the services or the use of the facilities, is not required to  
33 comply with paragraph (1), (2), or (3).

34 (e) Upon cancellation, the consumer shall be liable only for that  
35 portion of the total contract payment, including initiation fees and  
36 other charges however denominated, that has been available for  
37 use by the consumer, based upon a pro rata calculation over the

- 1 term of the contract. The remaining portion of the contract payment
- 2 shall be returned to the consumer by the health studio.

O